

671108

OMB No. 1545-0130

Schedule K-1
(Form 1120S)

Department of the Treasury
Internal Revenue Service

2008

For calendar year 2008 or tax
year beginning _____
ending _____

**Shareholder's Share of Income, Deductions,
Credits, etc.** ▶ See back of form and separate instructions.

Part I Information About the Corporation			
A Corporation's employer identification number [REDACTED]			
B Corporation's name address city state and ZIP code Asheville Arts Center, Inc. 308 Merrimon Avenue Asheville NC 28801			
C IRS Center where corporation filed return e-file			
Part II Information About the Shareholder			
D Shareholder's identifying number [REDACTED]			
E Shareholder's name, address, city state and ZIP code Heather L Taft PO Box 8323 Asheville NC 28814-8323			
F Shareholder's percentage of stock ownership for tax year 100.000000 %			



Part III Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items			
1	Ordinary business income (loss) -14,560	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss)		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
11	Section 179 deduction	16	Items affecting shareholder basis C* STMT
12	Other deductions G 750		
17	Other information		
* See attached statement for additional information.			

This list identifies the codes used on Schedule K-1 for all shareholders and provides summarized reporting information for shareholders who file Form 1040. For detailed reporting and filing information, see the separate Shareholder's Instructions for Schedule K-1 and the instructions for your income tax return.

1. Ordinary business income (loss). Determine whether the income (loss) is passive or nonpassive and enter on your return as follows:	
Passive loss	Report on See the Shareholder's Instructions
Passive income	Schedule E line 28 column (g)
Nonpassive loss	Schedule E, line 28, column (h)
Nonpassive income	Schedule E, line 28 column (j)
2. Net rental real estate income (loss)	See the Shareholder's Instructions
3. Other net rental income (loss)	Schedule E, line 28, column (g) See the Shareholder's Instructions
4. Interest income	Form 1040, line 8a
5a. Ordinary dividends	Form 1040 line 9a
5b. Qualified dividends	Form 1040 line 9b
6. Royalties	Schedule E, line 4
7. Net short-term capital gain (loss)	Schedule D line 5 column (f)
8a. Net long-term capital gain (loss)	Schedule D line 12 column (f)
8b. Collectibles (28%) gain (loss)	28% Rate Gain Worksheet, line 4 (Schedule D instructions)
8c. Unrecaptured section 1250 gain	See the Shareholder's Instructions
9. Net section 1231 gain (loss)	See the Shareholder's Instructions
10. Other income (loss)	
Code	
A Other portfolio income (loss)	See the Shareholder's Instructions
B Involuntary conversions	See the Shareholder's Instructions
C Sec. 1256 contracts & straddles	Form 6781, line 1
D Mining exploration costs recapture	See Pub. 535
E Other income (loss)	See the Shareholder's Instructions
11. Section 179 deduction	See the Shareholder's Instructions
12. Other deductions	
A Cash contributions (50%)	See the Shareholder's Instructions
B Cash contributions (30%)	
C Noncash contributions (50%)	
D Noncash contributions (30%)	
E Capital gain property to a 50% organization (30%)	
F Capital gain property (20%)	
G Contributions (100%)	
H Investment interest expense	Form 4952, line 1
I Deductions—royalty income	Schedule E, line 18
J Section 59(e)(2) expenditures	See the Shareholder's Instructions
K Deductions—portfolio (2% floor)	Schedule A, line 23
L Deductions—portfolio (other)	Schedule A, line 28
M Preproductive period expenses	See the Shareholder's Instructions
N Commercial revitalization deduction from rental real estate activities	See Form 8582 instructions
O Reforestation expense deduction	See the Shareholder's Instructions
P Domestic production activities information	See Form 8903 instructions
Q Qualified production activities income	Form 8903, line 7
R Employer's Form W-2 wages	Form 8903, line 15
S Other deductions	See the Shareholder's Instructions
13. Credits	
A Low-income housing credit (section 42(j)(5)) from pre-2008 buildings	See the Shareholder's Instructions
B Low-income housing credit (other) from pre-2008 buildings	See the Shareholder's Instructions
C Low-income housing credit (section 42(j)(5)) from post-2007 buildings	Form 8586 line 11
D Low-income housing credit (other) from post-2007 buildings	Form 8586 line 11
E Qualified rehabilitation expenditures (rental real estate)	
F Other rental real estate credits	
G Other rental credits	
H Undistributed capital gains credit	Form 1040 line 68 box a
I Alcohol and cellulosic biofuel fuels credit	Form 6478 line 9
J Work opportunity credit	Form 5884 line 3
K Disabled access credit	See the Shareholder's Instructions
L Empowerment zone and renewal community employment credit	Form 8844 line 3
M Credit for increasing research activities	Credit for increasing research activities
N Credit for employer social security and Medicare taxes	See the Shareholder's Instructions
O Backup withholding	Form 8846 line 5
P Other credits	Form 1040 line 62
14. Foreign transactions	
A Name of country or U S possession	See the Shareholder's Instructions
B Gross income from all sources	Form 1116 Part I
C Gross income sourced at shareholder level	
D Foreign gross income sourced at corporate level	
E Passive category	Form 1116 Part I
F General category	
G Other	Form 1116 Part I
H Deductions allocated and apportioned at shareholder level	
I Interest expense	Form 1116 Part I
J Other	Form 1116 Part I
K Deductions allocated and apportioned at corporate level to foreign source income	
L Passive category	Form 1116 Part I
M General category	
N Other	
O Other information	
P Total foreign taxes paid	Form 1116 Part II
Q Total foreign taxes accrued	Form 1116, Part II
R Reduction in taxes available for credit	Form 1116, line 12
S Foreign trading gross receipts	Form 8873
T Extraterritorial income exclusion	Form 8873
U Other foreign transactions	See the Shareholder's Instructions
15. Alternative minimum tax (AMT) items	
A Post-1986 depreciation adjustment	See the Shareholder's Instructions and the Instructions for Form 6251
B Adjusted gain or loss	
C Depletion (other than oil & gas)	
D Oil, gas, & geothermal—gross income	
E Oil, gas, & geothermal—deductions	
F Other AMT items	
16. Items affecting shareholder basis	
A Tax-exempt interest income	Form 1040 line 8b
B Other tax-exempt income	
C Nondeductible expenses	
D Property distributions	
E Repayment of loans from shareholders	See the Shareholder's Instructions
17. Other information	
A Investment income	Form 4952 line 4a
B Investment expenses	Form 4952, line 5
C Qualified rehabilitation expenditures (other than rental real estate)	See the Shareholder's Instructions
D Basis of energy property	See the Shareholder's Instructions
E Recapture of low-income housing credit (section 42(j)(5))	Form 8611 line 8
F Recapture of low-income housing credit (other)	Form 8611, line 8
G Recapture of investment credit	See Form 4255
H Recapture of other credits	See the Shareholder's Instructions
I Look-back interest—completed long-term contracts	See Form 8697
J Look-back interest—income forecast method	See Form 8866
K Dispositions of property with section 179 deductions	
L Recapture of section 179 deduction	
M Section 453(l)(3) information	
N Section 453A(c) information	
O Section 1260(b) information	
P Interest allocable to production expenditures	
Q CCF nonqualified withdrawals	
R Depletion information—oil and gas	
S Amortization of reforestation costs	See the Shareholder's Instructions
T Other information	

Federal Statements**Heather L Taft****Schedule K-1, Box 16, Code C - Nondeductible Expenses**

Description	Amount
Shareholder Health Insurance	\$ 2,609
Penalties	2,521
Page 1 Meals/Entertainment	1,927
Total	<u>\$ 7,057</u>

NC K-1 (42)
(CD-401S)

10-27-08

**Shareholder's Share of
N.C. Income, Adjustments, and Credits**
North Carolina Department of Revenue

For calendar year 2008 or other year starting 08 and ending

Part. 1 Information about the Corporation		Part. 2 Information about the Shareholder	
A. Corporation's Employer Identification Number [REDACTED]		A. Shareholder's Identifying Number [REDACTED]	
B. Corporation's Name, Address, and Zip Code ASHEVILLE ARTS CENTER, INC. 308 MERRIMON AVENUE ASHEVILLE NC 28801		B Shareholder's Name, Address, and Zip Code HEATHER L TAFT PO BOX 8323 ASHEVILLE NC 28814-8323	
C. Has Nonresident Shareholder Agreement Form NC-NA been filed?		C. Shareholder's percentage of stock ownership for tax year 100.0000%	

Part. 3 Shareholder's Share of Current Year Income, Deductions, Credits, and Other Items		
All Shareholders		
1. Share of corporation income (loss)		-14560
Line 1 should already be included in federal taxable income		
2. Additions to income (loss)		0
a. Additions to Bonus Depreciation		0
Enter here and on Form D-400, Page 3, Line 38		
b. Other Additions to income (loss)		0
Enter here and on Form D-400, Page 3, Line 39		
3. Deductions from income (loss)		0
Enter here and on Form D-400, Page 3, Line 49		
4. Share of tax credits		0
Enter here and on Form D-400TC, see Form D-400 Instructions		
5. Share of tax withheld from nonwage compensation paid for personal services performed in N.C.		0
Enter here and on Form D-400, Page 2, Line 19		

Nonresidents Only		
6. Nonresident's share of N.C. taxable income (loss)		0
Enter here and on Form D-400, Page 4, Line 51		
7. Nonresident's share of separately stated items of income		0
Line 7 should already be included in federal taxable income		
8. Nonresident's share of net tax paid by the S Corporation		0
Enter here and on Form D-400, Page 2, Line 20d		

NC Shareholder's Share of Deductions Worksheet

Form NC K-1

2008

For calendar year 2008, or other tax year beginning _____, ending _____

Name

Asheville Arts Center, Inc.
Heather L Taft

NC Secretary of State ID Number

Federal Employer ID Number

Contributions:

Total contributions to NC	_____
Contributions to NC donees	750
Contributions to donees outside NC	_____
Section 179 deduction	_____

Bonus Depreciation

Bonus depreciation adjustments:	Prior Year Add Back Amount	Net State Adjustment
2008	_____	_____
2004	_____	_____
2003	_____	_____
2002	_____	_____
2001	_____	_____
2000	_____	_____

Form **1120S**Department of the Treasury
Internal Revenue Service**U.S. Income Tax Return for an S Corporation**

OMB No. 1545-0130

- Do not file this form unless the corporation has filed or is attaching Form 2553 to elect to be an S corporation.
 ► See separate instructions.

2009

For calendar year 2009 or tax year beginning _____, ending _____

A S election effective date 05/18/04	Use IRS label Otherwise, print or type	Name Asheville Arts Center, Inc. Number street and room or suite no. If a P O box see instructions. 308 Merrimon Avenue	D Employer identification number [REDACTED]
B Business activity code number (see instructions) 711100			E Date incorporated 05/18/2004
C Check if Sch M-3 attached <input type="checkbox"/>		City or town state, and ZIP code Asheville NC 28801	F Total assets (see instructions) \$ 135,904

G Is the corporation electing to be an S corporation beginning with this tax year? Yes No If "Yes," attach Form 2553 if not already filedH Check if: (1) Final return (2) Name change (3) Address change
 (4) Amended return (5) S election termination or revocationI Enter the number of shareholders who were shareholders during any part of the tax year ► **1**

Caution. Include only trade or business income and expenses on lines 1a through 21. See the instructions for more information.

Income	1a Gross receipts or sales 572,712	b Less returns and allowances	c Bal ►	1c 572,712
	2 Cost of goods sold (Schedule A, line 8)		2	
	3 Gross profit Subtract line 2 from line 1c		3 572,712	
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)		4 -516	
	5 Other income (loss) (see instructions—attach statement)		5	
	6 Total income (loss). Add lines 3 through 5		6 572,196	

Deductions (see instructions for limitations)	7 Compensation of officers	7	
	8 Salaries and wages (less employment credits)	8 85,657	
	9 Repairs and maintenance	9 5,700	
	10 Bad debts	10	
	11 Rents	11 59,455	
	12 Taxes and licenses	12 12,655	
	13 Interest	13 7,395	
	14 Depreciation not claimed on Schedule A or elsewhere on return (attach Form 4562)	14 1,532	
	15 Depletion (Do not deduct oil and gas depletion.)	15	
	16 Advertising	16 52,082	
	17 Pension, profit-sharing, etc., plans	17	
	18 Employee benefit programs	18	
	19 Other deductions (attach statement)	19 295,170	
	20 Total deductions. Add lines 7 through 19	20 519,646	
	21 Ordinary business income (loss). Subtract line 20 from line 6	21 52,550	

Tax and Payments	22a Excess net passive income or LIFO recapture tax (see instructions)	22a	
	b Tax from Schedule D (Form 1120S)	22b	
	c Add lines 22a and 22b (see instructions for additional taxes)	22c	
	23a 2009 estimated tax payments and 2008 overpayment credited to 2009	23a	
	b Tax deposited with Form 7004	23b	
	c Credit for federal tax paid on fuels (attach Form 4136)	23c	
	d Add lines 23a through 23c	23d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached	24	
	25 Amount owed. If line 23d is smaller than the total of lines 22c and 24 enter amount owed	25	
	26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid	26	
	27 Enter amount from line 26 Credited to 2010 estimated tax ►	27	

Sign Here ►	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge	May the IRS discuss this return with the preparer shown below (see instructions)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		President

Paid Preparer's Use Only	Signature of officer Heather Taft	Date 04/22/10	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN P00495726
	Preparer's signature			EIN [REDACTED]
	Firm's name (or yours if self-employed) address, and ZIP code Gabler Molis & Company, PA 32 Orange St Asheville, NC 28801-2914			Phone no. 828-281-3161

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Form **1120S** (2009)

Form 1120S (2009) Asheville Arts Center, Inc.

Page 2

Schedule A Cost of Goods Sold (see instructions)

- 1 Inventory at beginning of year 1
 2 Purchases 2
 3 Cost of labor 3
 4 Additional section 263A costs (attach statement) 4
 5 Other costs (attach statement) 5
 6 Total. Add lines 1 through 5 6
 7 Inventory at end of year 7
 8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 8
- 9a Check all methods used for valuing closing inventory: (i) Cost as described in Regulations section 1 471-3
 (ii) Lower of cost or market as described in Regulations section 1 471-4
 (iii) Other (Specify method used and attach explanation) ►
- b Check if there was a writedown of subnormal goods as described in Regulations section 1 471-2(c) ►
- c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ►
- d If the LIFO inventory method was used for this tax year enter percentage (or amounts) of closing inventory computed under LIFO
- e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? Yes No
- f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? Yes No
- If "Yes," attach explanation.

Schedule B Other Information (see instructions)

- 1 Check accounting method: a Cash b Accrual c Other (specify) ►
- 2 See the instructions and enter the:
 a Business activity ► Art School b Product or service ► Music & Dance
- 3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c)) If "Yes," attach a statement showing: (a) name and employer identification number (EIN), (b) percentage owned and (c) if 100% owned, was a QSub election made? X
- 4 Has this corporation filed, or is it required to file, a return under section 6111 to provide information on any reportable transaction? X
- 5 Check this box if the corporation issued publicly offered debt instruments with original issue discount
 If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments ►
- 6 If the corporation: (a) was a C corporation before it elected to be an S corporation or the corporation acquired an asset with a basis determined by reference to its basis (or the basis of any other property) in the hands of a C corporation and (b) has net unrealized built-in gain (defined in section 1374(d)(1)) in excess of the net recognized built-in gain from prior years, enter the net unrealized built-in gain reduced by net recognized built-in gain from prior years ► \$
- 7 Enter the accumulated earnings and profits of the corporation at the end of the tax year. \$
- 8 Are the corporation's total receipts (see instructions) for the tax year and its total assets at the end of the tax year less than \$250,000? If "Yes," the corporation is not required to complete Schedules L and M-1. X

Schedule K Shareholders' Pro Rata Share Items

		Total amount	
		1	2
	1 Ordinary business income (loss) (page 1 line 21)	1	52,550
	2 Net rental real estate income (loss) (attach Form 8825)	2	
Income (Loss)	3a Other gross rental income (loss)	3a	
	b Expenses from other rental activities (attach statement)	3b	
	c Other net rental income (loss). Subtract line 3b from line 3a	3c	
	4 Interest income	4	
	5 Dividends: a Ordinary dividends	5a	
	b Qualified dividends	5b	
	6 Royalties	6	
	7 Net short-term capital gain (loss) (attach Schedule D (Form 1120S))	7	
	8a Net long-term capital gain (loss) (attach Schedule D (Form 1120S))	8a	
	b Collectibles (28%) gain (loss)	8b	
	c Unrecaptured section 1250 gain (attach statement)	8c	
	9 Net section 1231 gain (loss) (attach Form 4797)	9	-2,881
	10 Other income (loss) (see instructions) Type ►	10	

Form 1120S (2009)

Form 1120S (2009) Asheville Arts Center, Inc.

Page 3

Shareholders' Pro Rata Share Items (continued)		Total amount
11 Section 179 deduction (attach Form 4562)	11	2,515
12a Contributions	See Stmt 2	400
b Investment interest expense	12a	
c Section 59(e)(2) expenditures (1) Type ►	12b	
d Other deductions (see instructions)..... Type ►	(2) Amount ►	12c(2)
		12d
13a Low-income housing credit (section 42(j)(5))	13a	
b Low-income housing credit (other)	13b	
c Qualified rehabilitation expenditures (rental real estate) (attach Form 3468)	13c	
d Other rental real estate credits (see instructions) Type ►	13d	
e Other rental credits (see instructions) Type ►	13e	
f Alcohol and cellulosic biofuel fuels credit (attach Form 6478)	13f	
g Other credits (see instructions) Type ►	13g	
14a Name of country or U S possession ►		
b Gross income from all sources	14b	
c Gross income sourced at shareholder level	14c	
Foreign gross income sourced at corporate level		
d Passive category	14d	
e General category	14e	
f Other (attach statement)	14f	
Deductions allocated and apportioned at shareholder level		
g Interest expense	14g	
h Other	14h	
Deductions allocated and apportioned at corporate level to foreign source income		
i Passive category	14i	
j General category	14j	
k Other (attach statement)	14k	
Other information		
l Total foreign taxes (check one): ► <input type="checkbox"/> Paid <input type="checkbox"/> Accrued	14l	
m Reduction in taxes available for credit (attach statement)	14m	
n Other foreign tax information (attach statement)		
15a Post-1986 depreciation adjustment	15a	
b Adjusted gain or loss	15b	
c Depletion (other than oil and gas)	15c	
d Oil, gas, and geothermal properties—gross income	15d	
e Oil, gas, and geothermal properties—deductions	15e	
f Other AMT items (attach statement)	15f	
16a Tax-exempt interest income	16a	
b Other tax-exempt income	16b	
c Nondeductible expenses	16c	1,144
d Property distributions	16d	54,710
e Repayment of loans from shareholders	16e	
17a Investment income	17a	
b Investment expenses	17b	
c Dividend distributions paid from accumulated earnings and profits	17c	
d Other items and amounts (attach statement)		
18 Income/loss reconciliation. Combine the amounts on lines 1 through 10 in the far right column. From the result, subtract the sum of the amounts on lines 11 through 12d and 14l	18	46,754

Form 1120S (2009)

Form 1120S (2009) Asheville Arts Center, Inc.

Page 4

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year
	(a)	(b)	(c)	(d)
Assets				
1 Cash		237		-17,359
2a Trade notes and accounts receivable				
b Less allowance for bad debts	(()
3 Inventories				
4 U.S. government obligations				
5 Tax-exempt securities (see instructions)				
6 Other current assets (attach statement)				
7 Loans to shareholders		123,132		123,156
8 Mortgage and real estate loans				
9 Other investments (attach statement)				
10a Buildings and other depreciable assets	39,315		41,672	
b Less accumulated depreciation	(9,415)	29,900	(13,065)	28,607
11a Depletable assets				
b Less accumulated depletion	(()
12 Land (net of any amortization)				
13a Intangible assets (amortizable only)				
b Less accumulated amortization	(()
14 Other assets (attach statement) Stmt 3				1,500
15 Total assets		153,269		135,904
Liabilities and Shareholders' Equity				
16 Accounts payable		7		
17 Mortgages, notes, bonds payable in less than 1 year				
18 Other current liabilities (attach statement) Stmt 4		36,255		44,572
19 Loans from shareholders				
20 Mortgages, notes, bonds payable in 1 year or more		117,593		101,018
21 Other liabilities (attach statement)				
22 Capital stock		10,000		10,000
23 Additional paid-in capital				
24 Retained earnings		-10,586		-19,686
25 Adjustments to shareholders' equity (attach statement)				
26 Less cost of treasury stock	(()
27 Total liabilities and shareholders' equity		153,269		135,904

Schedule M-1 Reconciliation of Income (Loss) per Books With Income (Loss) per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more—see instructions

1 Net income (loss) per books	45,610	5 Income recorded on books this year not included on Schedule K, lines 1 through 10 (itemize):	
2 Income included on Schedule K, lines 1, 2, 3c, 4, 5a, 6, 7, 8a, 9, and 10, not recorded on books this year (itemize):		a Tax-exempt interest \$	
3 Expenses recorded on books this year not included on Schedule K, lines 1 through 12 and 14l (itemize):		6 Deductions included on Schedule K, lines 1 through 12 and 14l, not charged against book income this year (itemize):	
a Depreciation \$		a Depreciation \$	
b Travel and entertainment \$	1,144	7 Add lines 5 and 6	
4 Add lines 1 through 3	46,754	8 Income (loss) (Schedule K, line 18). Line 4 less line 7	46,754

Schedule M-2 Analysis of Accumulated Adjustments Account, Other Adjustments Account, and Shareholders' Undistributed Taxable Income Previously Taxed (see instructions)

	(a) Accumulated adjustments account	(b) Other adjustments account	(c) Shareholders undistributed taxable income previously taxed
1 Balance at beginning of tax year	-10,586		
2 Ordinary income from page 1 line 21	52,550		
3 Other additions			
4 Loss from page 1 line 21	(
5 Other reductions Stmt 5	(6,940)		
6 Combine lines 1 through 5	35,024		
7 Distributions other than dividend distributions	54,710		
8 Balance at end of tax year. Subtract line 7 from line 6	-19,686		

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OMB No. 1545-0130

Schedule K-1
(Form 1120S)

Department of the Treasury
 Internal Revenue Service

2009

For calendar year 2009 or tax
 year beginning _____
 ending _____

**Shareholder's Share of Income, Deductions,
 Credits, etc.** ▶ See back of form and separate instructions.

Final K-1

Amended K-1

**Part III Shareholder's Share of Current Year Income,
 Deductions, Credits, and Other Items**

1	Ordinary business income (loss) 52,550	13	Credits
2	Net rental real estate income (loss)		
3	Other net rental income (loss)		
4	Interest income		
5a	Ordinary dividends		
5b	Qualified dividends	14	Foreign transactions
6	Royalties		
7	Net short-term capital gain (loss)		
8a	Net long-term capital gain (loss)		
8b	Collectibles (28%) gain (loss)		
8c	Unrecaptured section 1250 gain		
9	Net section 1231 gain (loss) -2,881		
10	Other income (loss)	15	Alternative minimum tax (AMT) items
11	Section 179 deduction 2,515	16	Items affecting shareholder basis 1,144
12	Other deductions A 400	D	54,710
		17	Other information
* See attached statement for additional information.			

For IRS Use Only



Form **4562**

Department of the Treasury
Internal Revenue Service
(99)

Name(s) shown on return

Asheville Arts Center, Inc.

Business or activity to which this form relates

Regular Depreciation

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1 Maximum amount See the instructions for a higher limit for certain businesses	1	250,000
2 Total cost of section 179 property placed in service (see instructions)	2	2,515
3 Threshold cost of section 179 property before reduction in limitation (see instructions)	3	800,000
4 Reduction in limitation. Subtract line 3 from line 2. If zero or less enter -0-	4	0
5 Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	250,000
(a) Description of property	(b) Cost (business use only)	(c) Elected cost
Furniture for South Office	2,515	2,515
7 Listed property Enter the amount from line 29	7	
8 Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8	2,515
9 Tentative deduction Enter the smaller of line 5 or line 8	9	2,515
10 Carryover of disallowed deduction from line 13 of your 2008 Form 4562	10	
11 Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11	49,669
12 Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12	2,515
13 Carryover of disallowed deduction to 2010. Add lines 9 and 10, less line 12 ►	13	

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property.) (See instr.)

14 Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14
15 Property subject to section 168(f)(1) election	15
16 Other depreciation (including ACRS)	16

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17 MACRS deductions for assets placed in service in tax years beginning before 2009	17	1,522
18 If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here ►		

Section B—Assets Placed in Service During 2009 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property		25 yrs.		S/L		
h Residential rental property		27.5 yrs.	MM	S/L		
i Nonresidential real property	11/28/09	3,120	39 yrs.	MM	S/L	10
				MM	S/L	

Section C—Assets Placed in Service During 2009 Tax Year Using the Alternative Depreciation System

20a Class life				S/L	
b 12-year		12 yrs.		S/L	
c 40-year		40 yrs.	MM	S/L	

Part IV Summary (See instructions.)

21 Listed property Enter amount from line 28	21
22 Total Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g) and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22
23 For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23

For Paperwork Reduction Act Notice, see separate instructions

OMB No. 1545-0172

2009

Attachment Sequence No. 67

There are no amounts for Page 2

Form **4797**

Department of the Treasury
Internal Revenue Service, (99)

Sales of Business Property
(Also Involuntary Conversions and Recapture Amounts
Under Sections 179 and 280F(b)(2))

► Attach to your tax return.

► See separate instructions.

OMB No. 1545-0184

2009

Attachment
Sequence No. **27**

Name(s) shown on return

Identifying number

Asheville Arts Center, Inc.

- 1 Enter the gross proceeds from sales or exchanges reported to you for 2009 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions)

1

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft—Most Property Held More Than 1 Year (see instructions)

2 (a) Description of property	(b) Date acquired (mo, day yr)	(c) Date sold (mo day yr)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)
South Leasehold Improvements	07/15/07	11/30/09	397	3,278	-2,881	
3 Gain, if any, from Form 4684, line 43					3	
4 Section 1231 gain from installment sales from Form 6252, line 26 or 37					4	
5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824					5	
6 Gain, if any, from line 32, from other than casualty or theft					6	
7 Combine lines 2 through 6 Enter the gain or (loss) here and on the appropriate line as follows:					7	-2,881
Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9 Skip lines 8, 9, 11, and 12 below						
Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9 If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.						
8 Nonrecaptured net section 1231 losses from prior years (see instructions)					8	
9 Subtract line 8 from line 7 If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions)					9	

Part II Ordinary Gains and Losses (see instructions)

- 10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

2009 Computer	05/22/09	12/31/09	516	-516
11 Loss, if any, from line 7			11	()
12 Gain, if any, from line 7 or amount from line 8, if applicable			12	
13 Gain, if any, from line 31			13	
14 Net gain or (loss) from Form 4684, lines 35 and 42a			14	
15 Ordinary gain from installment sales from Form 6252, line 25 or 36			15	
16 Ordinary gain or (loss) from like-kind exchanges from Form 8824			16	
17 Combine lines 10 through 16			17	-516
18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below For individual returns, complete lines a and b below:				
a If the loss on line 11 includes a loss from Form 4684, line 39, column (b)(ii) enter that part of the loss here Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23 Identify as from "Form 4797 line 18a" See instructions			18a	
b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14			18b	

For Paperwork Reduction Act Notice, see separate instructions.

Form **4797** (2009)

There are no amounts for Page 2

10087 Asheville Arts Center, Inc

Federal Statements

FYE: 12/31/2009

Statement 1 - Form 1120S, Page 1, Line 19 - Other Deductions

Description	Amount
Accrual to cash adjustment	\$ -10,750
Art Supplies	5
Automobile Expense	
Bank Charges	6,104
Birthday Party Exp	632
Business Gifts	231
Business Insurance	400
Claims	
Commissions	541
Contract Services	125
Credit Card Fees	8,380
Dance supplies	3,138
Drama Supplies	24,202
Dues & Subscriptions	
Equipment Expense	677
Equipment Lease	580
Instructor Expenses	
Insurance Expense	3,410
Miscellaneous	125
Music Supplies	14,917
Networking	
Office Supplies	2,574
Parents Night Out	-29
Parking Lot Rent	2,675
Postage	356
Preschool Expenses	549
Professional Fees	16,854
Program Expense	
Referral Fees	700
Refund	2,281
Registration fees	
Returnen Deposit	41
School supplies	9,088
Service Charges	383
Space Rental	
Teachers	181,112
Travel	224
Utilities	23,500
Website	1,000
50% of Meals & Entertainment	1,145
Total	\$ 295,170

10087 Asheville Arts Center, Inc.

Federal Statements

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FYE: 12/31/2009

Statement 2 - Form 1120S, Page 3, Schedule K, Line 12a - Cash Contributions

Description	Cash Contrib 50%	Cash Contrib 30%	Total
Contributions	\$ 400	\$ 0	\$ 400
Total	\$ 400	\$ 0	\$ 400

Federal Statements

FYE: 12/31/2009

Statement 3 - Form 1120S, Page 4, Schedule L, Line 14 - Other Assets

Description	Beginning of Year	End of Year
Deposit	\$ _____	\$ 1,500
Total	\$ _____ 0	\$ 1,500

Statement 4 - Form 1120S, Page 4, Schedule L, Line 18 - Other Current Liabilities

Description	Beginning of Year	End of Year
Payroll Tax	\$ 28,015	\$ 37,572
due To Nora Vitro	8,000	7,000
Other current Liabilities	240	
Total	\$ 36,255	\$ 44,572

Form 1120S, Page 4, Schedule M-1, Line 3 - Expenses on Books Not on Return

Description	Amount
Shareholder Health Insurance Penalties	\$ _____
Total	\$ _____ 0

Statement 5 - Form 1120S, Page 4, Schedule M-2, Line 5(a) - Other Reductions

Description	Amount
Disallowable Entertainment Exp	\$ 1,144
Net Sec 1231 Loss	2,881
Charitable Contributions	400
Sec 179 Expense	2,515
Total	\$ 6,940

10087 Asheville Arts Center, Inc.

~~11-10105-10~~

FYE: 12/31/2009

Federal Statements**Heather L Taft****302-74-2212****Schedule K-1, Box 16, Code C - Nondeductible Expenses**

Description	Shareholder Amount
Shareholder Health Insurance	\$ 0
Penalties	0
Page 1 Meals/Entertainment	<u>1,144</u>
Total	<u>\$ 1,144</u>

10087 Asheville Arts Center, Inc.

Federal Asset Report**Form 1120S, Page 1**

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Bonus	Basis for Depr	PerConv	Meth	Prior	Current
Section 179 Expense:											
6	Furniture for South Office	11/25/09	2,515	X	X	N/A	7	HY 200DB		0	2,515
			<u>2,515</u>			<u>N/A</u>				<u>0</u>	<u>2,515</u>
5-year GDS Property:											
9	2009 Computer	5/22/09	516	X		516	5	HY 200DB		0	0
	Sold/Scrapped: 12/31/09		<u>516</u>			<u>516</u>				<u>0</u>	<u>0</u>
7-year GDS Property:											
6	Furniture for South Office	11/25/09	N/A*	X	X	0	7	HY 200DB		0	0
			<u>0</u>			<u>0</u>				<u>0</u>	<u>0</u>
Non-Residential Real Property:											
8	Leasehold Improvements New South Location	1/28/09	3,120			3,120	39	MM S/L		0	10
			<u>3,120</u>			<u>3,120</u>				<u>0</u>	<u>10</u>
Prior MACRS:											
1	Leasehold Improvements	8/15/08	9,227			9,227	39	MM S/L		89	236
3	Leasehold Improvements	7/15/07	16,222			16,222	39	MM S/L		406	416
4	Equipment	7/15/07	10,588			10,588	5	HY 200DB		8,597	796
5	South Leasehold Improvements	7/15/07	3,278			3,278	39	MM S/L		323	74
	Sold/Scrapped: 11/30/09		<u>39,315</u>			<u>39,315</u>				<u>9,415</u>	<u>1,522</u>
Grand Totals											
	Less: Dispositions and Transfers		45,466			42,951				9,415	4,047
	Less: Start-up/Org Expense		<u>3,794</u>			<u>3,794</u>				<u>323</u>	<u>74</u>
	Net Grand Totals		0			0				0	0
			<u>41,672</u>			<u>39,157</u>				<u>9,092</u>	<u>3,973</u>

*Because this asset has 179 expense, its cost has been included in the Section 179 Property cost total

10087 Asheville Arts Center, Inc.

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Bonus Depreciation Report

FYE: 12/31/2009

Asset	Property Description	Date In Service	Tax Cost	Bus Pct	Tax Sec 179 Exp	Current Bonus	Prior Bonus	Tax - Basis for Depr
<u>Activity: Form 1120S, Page 1</u>								
6	Furniture for South Office	11/25/09	2,515		2,515	0	0	0
9	2009 Computer	5/22/09	516		0	0	0	516
	Form 1120S, Page 1		3,031		2,515	0	0	516
	*Less: Dispositions and Transfers		516		0	0	0	516
	Net Form 1120S, Page 1		2,515		2,515	0	0	0
	Grand Total		3,031		2,515	0	0	516
	Less: Dispositions and Transfers		516		0	0	0	516
	Net Grand Total		2,515		2,515	0	0	0

10087 Asheville Arts Center, Inc

AMT Asset Report**Form 1120S, Page 1**

Asset	Description	Date In Service	Cost	Bus %	Sec 179	Bonus	Basis for Depr	Per Conv	Meth	Prior	Current
Section 179 Expense:											
6 Furniture for South Office		11/25/09	2,515 2,515	X X	N/A N/A		7 HY 200DB		0 0	2,515 2,515	
5-year GDS Property:											
9 2009 Computer	Sold/Scrapped: 12/31/09	5/22/09	516 516	X	516 516	5	HY 200DB		0 0	0 0	
7-year GDS Property:											
6 Furniture for South Office		11/25/09	N/A* 0	X X	0 0	7	HY 200DB		0 0	0 0	
Non-Residential Real Property:											
8 Leasehold Improvements New South Location	1/28/09		3,120 3,120		3,120 3,120	39	MM S/L		0 0	10 10	
Prior MACRS:											
1 Leasehold Improvements	8/15/08	9,227		9,227	39	MM S/L		89	236		
3 Leasehold Improvements	7/15/07	16,222		16,222	39	MM S/L		406	416		
4 Equipment	7/15/07	10,588		10,588	5	HY 200DB		8,597	796		
5 South Leasehold Improvements	7/15/07	3,278		3,278	39	MM S/L		323	74		
Sold/Scrapped: 11/30/09			39,315		39,315			9,415	1,522		
Grand Totals			45,466		42,951			9,415	4,047		
Less: Dispositions and Transfers			3,794		3,794			323	74		
Net Grand Totals			41,672		39,157			9,092	3,973		

10087 Asheville Arts Center, Inc.

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ACE Asset Report**Form 1120S, Page 1**

Asset	Description	Date In Service	Cost	Bus %	Sec 179 Bonus	Basis for Depr	PerConv	Meth	Prior	Current
Section 179 Expense:										
6	Furniture for South Office	11/25/09	2,515 2,515	X X	N/A N/A	7 HY 200DB		0 0	2,515 2,515	
5-year GDS Property:										
9	2009 Computer Sold/Scrapped: 12/31/09	5/22/09	516 516	X	516 516	5 HY 200DB		0 0	0 0	
7-year GDS Property:										
6	Furniture for South Office	11/25/09	N/A* 0	X X	0 0	7 HY 200DB		0 0	0 0	
Non-Residential Real Property:										
8	Leasehold Improvements New South Location 1/28/09		3,120 3,120		3,120 3,120	39 MMS/L		0 0	10 10	
Prior MACRS:										
1	Easehold Improvements	8/15/08	9,227		9,227	39 MMS/L		89	236	
3	Easehold Improvements	7/15/07	16,222		16,222	39 MMS/L		406	416	
4	Equipment	7/15/07	10,588		10,588	5 HY 200DB		8,597	796	
5	South Leasehold Improvements Sold/Scrapped: 11/30/09	7/15/07	3,278		3,278	39 MMS/L		323	74	
			39,315		39,315			9,415	1,522	
Grand Totals										
			45,466 3,794		42,951 3,794			9,415 323	4,047 74	
Less: Dispositions and Transfers										
			41,672		39,157			9,092	3,973	

*Because this asset has 179 expense, its cost has been included in the Section 179 Property cost total

10087 Asheville Arts Center, Inc

Depreciation Adjustment Report**All Business Activities**

<u>Form</u>	<u>Unit</u>	<u>Asset</u>	<u>Description</u>	<u>Tax</u>	<u>AMT</u>	<u>AMT Adjustments/ Preferences</u>
<u>MACRS Adjustments:</u>						
Page 1	1	1	Leasehold Improvements	236	236	0
Page 1	1	3	Leasehold Improvements	416	416	0
Page 1	1	4	Equipment	796	796	0
Page 1	1	5	South Leasehold Improvements	74	74	0
Page 1	1	6	Furniture for South Office	2,515	2,515	0
Page 1	1	8	Leasehold Improvements New South Location	10	10	0
Page 1	1	9	2009 Computer	0	0	0
				<u>4,047</u>	<u>4,047</u>	<u>0</u>

10087 Asheville Arts Center, Inc.

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Future Depreciation Report FYE: 12/31/10

FYE: 12/31/2009

Form 1120S, Page 1

<u>Asset</u>	<u>Description</u>	<u>Date In Service</u>	<u>Cost</u>	<u>Tax</u>	<u>AMT</u>
Prior MACRS:					
1	Leasehold Improvements	8/15/08	9,227	237	237
3	Leasehold Improvements	7/15/07	16,222	416	416
4	Equipment	7/15/07	10,588	478	478
6	Furniture for South Office	11/25/09	2,515	0	0
8	Leasehold Improvements New South Location	11/28/09	3,120	80	80
			<u>41,672</u>	<u>1,211</u>	<u>1,211</u>
Grand Totals					
			<u>41,672</u>	<u>1,211</u>	<u>1,211</u>

Retained Earnings Reconciliation Worksheet		2009
Form 1120S	For calendar year 2009 or tax year beginning _____, ending _____	Employer Identification Number [REDACTED]
Name Asheville Arts Center, Inc.		

Schedule L - Retained Earnings

Retained Earnings - Unappropriated	0
Accumulated Adjustments Account	<u>-19,686</u>
Other Adjustments Account	0
Undistributed Previously Taxed Income	0
 Schedule L, Line 24 - Retained Earnings	 <u>-19,686</u>

Schedule M-2 - Retained Earnings

	Accumulated Adjustments Account	Other Adjustments Account	Undistributed Previously Taxed Income	Retained Earnings Unappropriated/ Timing Differences	Total Retained Earnings
Beg Yr Bal	<u>-10,586</u>	0	0	0	<u>-10,586</u>
Ordinary Inc (Loss)	<u>52,550</u>				<u>52,550</u>
Other Additions					
Other Reductions	<u>6,940</u>				<u>6,940</u>
Distributions	<u>54,710</u>				<u>54,710</u>
End Yr Bal	<u>-19,686</u>	0	0	0	<u>-19,686</u>

Form 1120S	Schedule K-1 Summary Worksheet			2009
Name				Employer Identification Number [REDACTED]
Asheville Arts Center, Inc.				
Column A	Shareholder Name Heather L Taft	SSN/EIN [REDACTED]		
Column B				
Column C				
Column D				
Schedule K Items	Column A	Column B	Column C	Column D
1 Ordinary income	52,550			52,550
2 Net rental RE inc				
3c Net other rental inc				
4 Interest income				
5a Ordinary dividends				
5b Qualified dividends				
6 Royalties				
7 Net ST capital gain				
8a Net LT capital gain				
8b Collectibles 28% gain				
8c Unrecap Sec 1250				
9 Net Sec 1231 gain	-2,881			-2,881
10 Other income (loss)				
11 Sec 179 deduction	2,515			2,515
12a Contributions	400			400
12b Invest interest exp				
12c Sec 59(e)(2) exp				
12d Other deductions				
13a,c Low-inc house 42j5				
13b,d Low-inc house other				
13e Qualif rehab exp				
13f Rental RE credits				
13g Other rental credits				
13h Fuel alcohol credit				
13i Other credits				
14b Gross inc all src				
14d-f Total foreign inc				
14g-k Total foreign deds				
14l Total foreign taxes				
14m Reduct in taxes				
15a Depr adjustment				
15b Adjusted gain (loss)				
15c Depletion				
15d Inc-oil/gas/geoth				
15e Ded-oil/gas/geoth				
15f Other AMT items				
16a Tax-exempt interest				
16b Other tax-exempt				
16c Nonded expense	1,144			1,144
16d Total property dist	54,710			54,710
16e Shr loan repmts				
17a Investment income				
17b Investment expense				
18 Income (loss)	46,754			46,754

Form 1120S		Two Year Comparison Worksheet Page 1		2008 & 2009
Name				Employer Identification Number
Asheville Arts Center, Inc.				
Income	Gross profit percentage	2008	2009	Differences
	Gross receipts less returns and allowances	100.0000	100.0000	
	Cost of goods sold	559,807	572,712	12,905
	Gross profit	559,807	572,712	12,905
	Net gain (loss) from Form 4797		-516	-516
	Other income (loss)			
	Total income (loss)	559,807	572,196	12,389
Deductions	Compensation of officers	177,059	85,657	-91,402
	Salaries and wages less employment credits	6,979	5,700	-1,279
	Repairs and maintenance			
	Bad debts	68,399	59,455	-8,944
	Rents	18,883	12,655	-6,228
	Taxes and licenses	16,829	7,395	-9,434
	Interest	1,830	1,532	-298
	Depreciation			
	Depletion			
	Advertising	35,449	52,082	16,633
	Pension, profit-sharing etc., plans			
	Employee benefit programs	7		-7
	Other deductions	248,932	295,170	46,238
	Total deductions	574,367	519,646	-54,721
	Ordinary business income (loss)	-14,560	52,550	67,110
Tax and Payments	Excess net passive income or LIFO recapture tax			
	Tax from Schedule D			
	Total tax	0	0	0
	Estimated tax and prior year overpayment credited			
	Tax deposited with Form 7004			
	Credit for federal tax paid on fuels			
	Refund applied for on Form 4466	()	()	()
	Total payments and credits	0	0	0
	Tax due (overpayment)	0	0	0
	Estimated tax penalty from Form 2220			
	Penalties and interest			
Net tax due (overpayment)		0	0	0
Overpayment credited to next year's estimated tax				
Overpayment refunded				

Form 1120S		Two Year Comparison Worksheet Page 2		2008 & 2009
Name			Employer Identification Number	
Asheville Arts Center, Inc.				
Income (Loss)	Ordinary business income (loss)	2008	2009	Differences
	Net rental real estate income (loss)	-14,560	52,550	67,110
	Other net rental income (loss)			
	Interest income			
	Dividend income			
	Royalties			
	Net short-term capital gain (loss)			
	Net long-term capital gain (loss)			
	Net Section 1231 gain (loss)		-2,881	-2,881
	Other income (loss)			
Deductions	Section 179 deduction		2,515	2,515
	Charitable contributions	750	400	-350
	Investment interest expense			
	Section 59(e)(2) expenditures			
Credits	Low-income housing credit (Section 42(j)(5))			
	Low-income housing credit (other)			
	Qualified rehabilitation expenditures (rental real estate)			
	Other rental real estate credits			
	Other rental credits			
	Alcohol and cellulosic biofuel fuels credit			
Foreign Transactions	Other credits			
	Total foreign gross income			
	Total foreign deductions			
	Total foreign taxes			
AMT Items	Reduction in taxes available for credit			
	Post-1986 depreciation adjustment			
	Adjusted gain or loss			
	Depletion (other than oil and gas)			
	Oil, gas, and geothermal properties-gross income			
	Oil, gas, and geothermal properties-deductions			
Items Affecting S/H Basis	Other AMT items			
	Tax-exempt interest income			
	Other tax-exempt income			
	Nondeductible expenses	7,057	1,144	-5,913
	Property distributions		54,710	54,710
Other Information	Repayment of loans from shareholders			
	Investment income			
	Investment expenses			
	Dividend distributions paid from accumulated E&P	-15,310	46,754	62,064
Income (loss) (if Schedule M-1 is required)				

Form 1120S		Two Year Comparison Worksheet Page 3		2008 & 2009
Name			Employer Identification Number	
Asheville Arts Center, Inc.				
			2008	2009
Schedule L	Beginning assets		157,307	153,269
	Beginning liabilities and equity		157,307	153,269
	Ending assets		153,269	135,904
	Ending liabilities and equity		153,269	135,904
Schedule M-1	Net income (loss) per books		-22,367	45,610
	Taxable income not on books			
	Book expenses not deducted		7,057	1,144
	Income on books not on return			
	Return deductions not on books			
	Income (loss) per return		-15,310	46,754
Schedule M-2 AAA	Balance at beginning of year		11,781	-10,586
	Ordinary income (loss) from page 1, line 21		-14,560	52,550
	Other additions			
	Other reductions		7,807	6,940
	Distributions other than dividend distributions			54,710
	Balance at end of year		-10,586	-19,686
Schedule M-2 OAA	Balance at beginning of year			
	Other additions			
	Other reductions			
	Distributions other than dividend distributions			
	Balance at end of year			
Schedule M-2 PTI	Balance at beginning of year			
	Distributions other than dividend distributions			
	Balance at end of year			
Schedule M-3	Total income (loss) items:			
	Income (loss) per income statement			
	Temporary difference			
	Permanent difference			
	Income (loss) per tax return			
	Total expense/deduction items:			
	Expense per income statement			
	Temporary difference			
	Permanent difference			
	Deduction per tax return			
	Other items with no differences:			
	Income (loss) per income statement			
	Income (loss) per tax return			
	Reconciliation totals:			
	Income (loss) per income statement			
	Temporary difference			
	Permanent difference			
	Income (loss) per tax return			

Federal Statements

FYE: 12/31/2009

Form 1120S, Page 1, Line 12 - Taxes and Licenses

Description	Amount
Property taxes	\$ 3,654
Taxes	206
Payroll Taxes	8,795
Total	\$ <u>12,655</u>

Form 1120S, Page 1, Line 13 - Interest

Description	Amount
Interest & Fees	\$ 7,395
Total	\$ <u>7,395</u>

Federal Statements

FYE: 12/31/2009

Form 1120S, Page 3, Schedule K, Line 16c - Nondeductible Expenses

Description	Amount
Shareholder Health Insurance	\$
Penalties	
Page 1 Meals/Entertainment	1,144
Total	\$ 1,144

Federal Statements

FYE: 12/31/2009

Form 1120S, P4, Sch L, Line 20 - Mortgages, Notes Bonds Pay in One Year or More

Description	Beginning of Year	End of Year
Greystone Loan	\$ 9,928	\$ 8,250
Carolina First Loan	84,746	72,247
Self Help Loan	22,919	20,521
Total	<u>\$ 117,593</u>	<u>\$ 101,018</u>